



FINANCIAL EDUCATION DAYS OCTOBER 2013



Nevada Public Employees Deferred Compensation Program



Your Plan... Your Future



Nevada Deferred Compensation (NDC)

**We are located in the Nevada State Library and
Archives Building**

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Mission of NDC

- The Nevada Public Employees Deferred Compensation Program (NDC or Program), a *voluntary* tax-deferred supplemental retirement savings plan
 - Created pursuant to section 457(b) of the Internal Revenue Code
 - Provide participants and their beneficiaries with a supplement to their retirement savings
 - The Program operates solely in the interest of plan participants and beneficiaries
 - Communicate the importance of supplemental retirement savings through seminars, newsletters and other informational efforts



NDC Committee

- Five members appointed by the Governor pursuant to NRS 287.325:
- Scott Sisco, Chair, Department of Corrections
- Dr. Carlos Romo, Vice Chair, Retiree Representative
- Brian Davie, Legislative Counsel Bureau
- Karen Oliver, Gaming Control Board
- Steve Woodbury, Governor's Office of Economic Development



Committee Duties

- Meets quarterly or more frequently as necessary to review investment options, provide oversight of the Plan according to state and federal guidelines, establish goals, and develop outreach efforts, among other duties
- Contracts with an outside Investment Consultant to provide professional assistance with investment review and compliance
- Contracts with an outside accounting firm to conduct financial audits of the Plan investments to ensure accuracy
- Contracts with Recordkeepers to provide Plan administration, participant services and custodial trustee services



NDC Staff

- One full-time Program Coordinator
- Part-time assistant
- Maintains website – <http://defcomp.nv.gov>
 - Tools and Paycheck Calculator
 - Retirement Savings Estimator
 - Forms
 - Administrative Manual
 - Plan Document
 - FICA Alternative Plan Document
 - Summary Plan Documents
 - Statement of Investment Policy





Recordkeepers

- Two Recordkeepers – also referred to as Providers or Administrators
- **MassMutual** (Massachusetts Mutual Life Insurance Company) formerly The Hartford  **MassMutual**
FINANCIAL GROUP®
- **ING US** 

All program expenses are paid by the Plan participants which are subsidized through a portion of the fund expenses of individual investment options.



Retirement with NDC

- Minimum contribution is \$12.50 per paycheck
- Maximum contribution is \$17,500 for 2013
 - Equals \$673.08 per biweekly paycheck
- Age 50+ Catch-Up
 - If you reach age 50 before the end of 2013, you can contribute an additional \$5,500 for a maximum contribution of \$23,000 or \$884.62 per biweekly paycheck
- Special 3-Year Catch-Up
 - Available in the three years prior to your normal retirement age, maximum is \$35,000 in 2013 or \$1,346.15 per biweekly paycheck. However, cannot use both Catch-Up provisions in same year



Retirement Tip*

- No One Will Lend You Money For Your Retirement!
 - Car loans
 - Home loans
 - Student loans
- By the time you are ready to retire, your ability to borrow money will be severely limited
- Your future depends on what you do now
 - Save
 - Invest



How Much Will I Need to Retire?

Ideally, you would like to
have

70% to 90%

of your current income





Paycheck Comparison*

	<u>Before Raise</u>	<u>After Raise</u>
Gross Pay	\$2,000	\$2,080
Minus Contributions to Plan (Before Tax)	-\$50	-\$100
Taxable Pay	\$1,950	\$1,980
Minus Estimated Tax Withheld	-\$293	-\$297
Spendable Pay	<u>\$1,657</u>	<u>\$1,683</u>

It's a Win-Win: You're getting \$26 more per month and you're contributing \$50 more a month for retirement -- which you haven't seen yet!



* For illustrative purposes only. Assumes federal income tax withholding of 15% and does not account for Social Security or Medicare taxes.



How Much Should You Save?

- Saving for retirement can be overwhelming and frustrating
- Here's a simple “rule of thumb” according to financial planners in the industry:
 - In your 20s, save 7% of your salary
 - In your 30s, save 10% of your salary
 - In your 40s, save 15% of your salary
 - In your 50s, save 20% of your salary
- The important thing is to pay yourself first and start saving as much as you can right now!



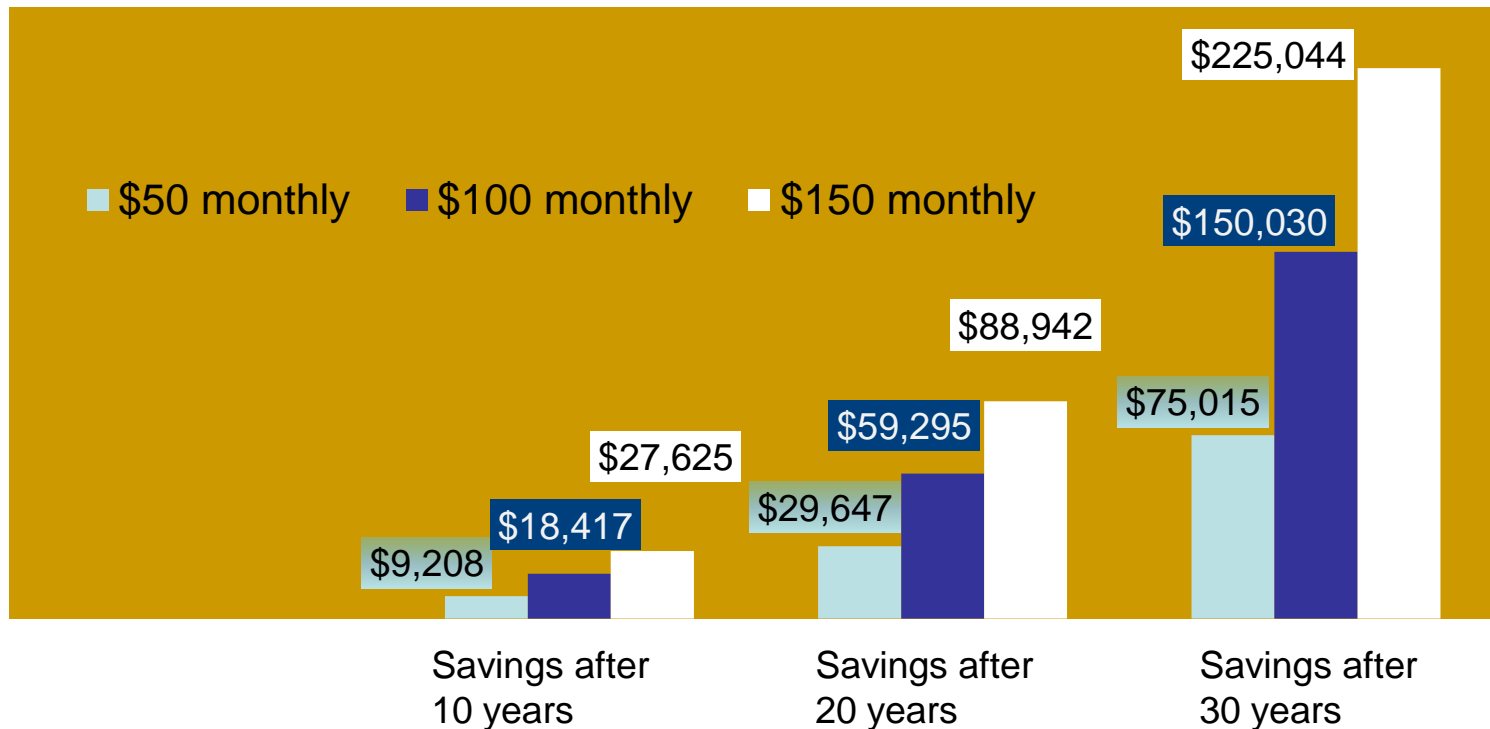


How Do You Compare?

Age Ranges	No. of Participants in Plan	Average Account Value	Average Paycheck Contribution
Age 30 and Under	429	\$4,873.16	\$56.10
Ages 31-40	1,772	\$13,905.32	\$97.27
Ages 41-50	3,414	\$31,152.33	\$148.13
Ages 51-60	4,026	\$53,028.80	\$218.26
Over 60	3,295	\$74,279.12	\$304.23



Growth Over Time*



* For illustrative purposes only. This hypothetical example does not represent the performance of any investment options. It assumes an 8% rate of return and reinvestment of earnings with no withdrawals. The illustration does not reflect any charges, expenses or fees that may be associated with your Plan. The tax-deferred accumulations shown above would be reduced if these fees had been deducted.



Distribution

- May start withdrawing upon separation from state service
- At age 70½ (even if still employed)
- For an approved unforeseen financial emergency
- Cash out provision for a small inactive account
 - If you have not contributed for 2 or more years and have less than \$5000 in your account
- For beneficiaries at your death
- For service credit purchase
 - If you have verified with NVPERS the cost of your additional years of service, you may use pretax NDC money to purchase these additional years of service credit - this is considered a rollover and is nontaxable



Flexibility

- Enrollment is a cinch – use the EZ Enrollment Form on the NDC website
- You may enroll online with ING
- Meet in person with an Account Representative
- You may change the following at any time:
 - Payroll deduction amount
 - Providers or investment options
 - Personal/beneficiary information





Options Upon Separation from Service

- At *retirement or separation* from state service, you may
 - Stay invested in NDC
 - Rollover your account
 - Take a taxable payment
 - Lump sum
 - Monthly payments
 - Quarterly payments
 - Sporadic withdrawals as desired
 - You must start taking distributions upon reaching age 70½
 - IRS requires a **50% penalty** (excise tax) if you fail to take a distribution on time



Stay Invested in NDC

- Contributions and earnings stay tax deferred
- Changes in investments can be made at any time
- Assets remain liquid with no restrictions or fees for distributions
- No future contributions may be made after retirement
- Rollovers *into* NDC are allowed at any time
- NDC's Investment Consultant will be providing continuing investment oversight of your contributions



Contact Information

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Now is the Time!

- Enrolling is easy – we have EZ Enrollment Forms
- Increase your contribution – we have Payroll Contribution Forms
- Do it TODAY!
- Visit the Vendor Tables!

